

UNAPPROVED MINUTES  
CITY OF MILPITAS

Minutes: Regular Meeting of Milpitas Redevelopment Agency (Including  
Joint Meeting with City Council and Financing Authority)  
Date of Meeting: March 16, 2004  
Time of Meeting: 7:48 p.m.  
Place of Meeting: Council Chambers, City Hall

**RA1.  
CALL TO ORDER**

Mayor Esteves called to order the regular meeting of the Milpitas Redevelopment Agency, meeting jointly with the City Council, at 7:48 p.m.

**RA2.  
ROLL CALL**

Present were Mayor Esteves, Vice Mayor Dixon, and Agency/Councilmembers Gomez, Livengood, and Polanski.

**RA3.  
MINUTES**

MOTION to approve the Redevelopment Agency minutes of March 2, 2004, including joint meeting with the City Council, as submitted.

M/S: Polanski, Livengood. Ayes: 5

**RA4.  
AGENDA**

MOTION to approve the Agenda and Consent Calendar as submitted.

M/S: Livengood, Polanski. Ayes: 5

**RA5.  
LIBRARY PROJECT UPDATE**

Capital Improvements Program Manager Mark Rogge presented a brief update on the Library Project reporting that staff was working on a draft request for proposals for the architectural design based on the Council approved Needs Assessment Study and Library Building Program. Mr. Rogge further reported that staff was drawing on the experience with the City Hall building and working with the City Attorney on legal reviews and with IS to create online information; the environmental process (CEQA documents) was moving along; utility undergrounding and relocation was underway; and hiring a consultant architectural team was anticipated in June.

MOTION to note receipt and file.

M/S: Gomez, Polanski. Ayes: 5

**RA6.  
ABEL ST. IMPROVEMENTS  
CONSULTANT AGREEMENT**

Councilmember Livengood said he had a discussion with the City Attorney last week and he did have a conflict of interest related to this item; he didn't have a relationship with the applicant but a business he had an interest in has been a source of income from KB Homes and as a result, he would need to abstain on this item and left the Council Chambers.

Assistant City Engineer Greg Armendariz reported the item before the Council this evening involved Abel Street Midtown improvements and staff was excited to initiate the first step in the implementation phase of the Midtown Plan. Mr. Armendariz presented background information on the Midtown Specific Plan noting that the Specific Plan called for transformation of Abel Street into a boulevard setting conveying vehicles to and from Calaveras and Great Mall Parkway; Main Street called for transformation into a pedestrian friendly environment with shops where people would park and walk and also called for streetscape enhancements. Mr. Armendariz reported at the last Council meeting, the Council approved entering into three-party agreements with Santa Clara County and KB Homes for development of the County-owned parcels surrounding the Elmwood facility and adjoining Abel Street; KB Homes plans to build 823 new homes, a new City park, and will be required to construct improvements on Abel Street between Corning and Great Mall Parkway consistent with the Midtown Specific Plan streetscape standards.

City Attorney Steve Mattas stated for the record that the Mayor would also be stepping down because of a property interest that may be impacted and staff would have that confirmed before the next action on this. The Mayor passed the gavel to Vice Mayor Dixon and left the Council Chambers.

Mr. Armendariz continued reporting that the developer would be conditioned to improve Abel from Great Mall to Corning and the City would complete improvements from Corning to Weller Street; KB Homes had agreed to pay \$275,000 for its share of the design and preparation of construction plans and specifications; the City's share of the design costs was \$375,000; and in accordance with the City's consultant selection process, staff selected JMH Weiss, Inc., to provide the design services. Mr. Armendariz reviewed the recommendation to approve a new CIP project for Abel Street Midtown Improvements and to authorize the City Manager to execute an agreement for design services with JMH Weiss, Inc.

Vice Mayor Dixon inquired about the infrastructure portion of what KB will do and asked if it would include any fiber optics. Mr. Armendariz responded staff would be evaluating all the existing utilities and future needs now in existence now and if there was a need to bring in fiber optics, it would be included with KB paying its fair share.

Councilmember Gomez asked if the Penitencia Creek trail was out of the scope of the project. Mr. Armendariz responded the Penitencia Creek trail had been identified and there was an element included for the trail.

Vice Mayor Dixon commented that KB Homes was very cooperative with the School District and there was a possibility that KB will allow one of the street names to be auctioned off and the School District would appreciate any added revenue. Vice Mayor Dixon acknowledged School Board Member Marsha Grilli in the audience.

**MOTION to:**

1. Approve a new CIP project for Abel Street Midtown Improvements and a budget appropriation of \$275,000 from developer contributions and \$375,000 from the 2003 RDA Bond Proceeds (total \$650,000); and
2. Authorize the City Manager to execute an agreement for services with JMH Weiss, Inc., in the amount not to exceed \$600,000, subject to approval as to form by the City Attorney.

M/S: Polanski, Gomez.

Ayes: 3

Abstain: 2 (Esteves, Livengood)

Mayor Esteves and Councilmember Livengood returned to their seats.

**\*RA7.  
PROPERTY APPRAISAL**

Authorized the City Manager to obtain appraisal services relative to an evaluation of APN 022-08-042 for a not-to-exceed amount of \$15,000.

**JOINT MILPITAS FINANCING AUTHORITY, REDEVELOPMENT AGENCY, AND CITY COUNCIL MEETING.**

**FA1.  
CALL TO ORDER**

Mayor Esteves called to order the joint meeting of the Milpitas Financing Authority, Redevelopment Agency, and City Council meeting at 8:06 p.m.

**FA2.  
ROLL**

Present were Mayor Esteves, Vice Mayor Dixon, and Councilmembers Gomez, Livengood, and Polanski.

**FA3.  
AGENDA**

MOTION to approve the agenda as submitted.

M/S: Polanski, Gomez.

Ayes: 5

**FA4.  
DEFENSE SERIES 2000  
BONDS  
GREAT MALL**

City Manager Thomas Wilson reported this was a continuation of the work that started with the vision to redesign and restructure the Redevelopment Agency to accommodate a whole series of projects, to restructure financially the Redevelopment Agency and look to providing greater support and benefit to the City's General Fund and developments as they come forward. Mr. Wilson reviewed some background information reporting that when the Great Mall was developed, there was a need for a lot of infrastructure work to be done to change the character of the area and to improve the amenities from utilities to streets and roadways; to

finance that effort, the City issued \$10 million in bonds to accomplish the improvements and looked to sales tax revenue generated from the Great Mall and pledged one-half of the sales tax to pay off the debt resulting in it being a very positive opportunity for the Great Mall to locate in Milpitas. Mr. Wilson further reported that since that period of time, the City has been held accountable for one-half of the sales tax to pay off the debt; within the restructuring of the Redevelopment Agency, there was now the opportunity to shift the funding of that debt and move it to a Redevelopment funding source and free one-half of the sales tax to come to the General Fund. Mr. Wilson explained the proposal to defease the 2000 Great Mall Bonds by substituting restricted use Redevelopment Funds from Project Area 1 for unrestricted sales tax revenue would immediately produce an additional approximate \$1.1 million in annual sales tax revenue for the City's General Fund. Mr. Wilson noted that Tom Dunphy of Lamont Financial, a member of the team of financial advisors, was present along with staff members who worked on this project Blair King, Assistant City Manager, Finance Director Emma Karlen, City Attorney Steve Mattas, and staff of the City Attorney's Office. Mr. Wilson stated that the adoption of the Eighth Amendment to the Redevelopment Plan created the conditions to allow for this substitution, the Great Mall improvements benefit the Project Area No. 1, and with the exception of the pledge of sales tax, the terms of the 2000 Bond would remain the same.

Councilmember Livengood inquired if the 2000 action included some kind of refinancing. Mr. Wilson responded there was a refinancing of the debt about the time he arrived, early in 2000, to restructure the debt for a more favorable interest rate.

Mayor Esteves inquired if refinancing would be better at this time. Mr. Wilson responded the cost was being moved over to the Redevelopment Agency, which was inexpensive money, and substituting that security for the sales tax. Mayor Esteves asked if there was any penalty for prepayment. Mr. Wilson said if we were to prepay or pay it off, penalties would be incurred so it was better to leave it in place until its maturity. Mayor Esteves asked what was the net cost to the City. Mr. Wilson responded there was just a transfer cost in order to substitute the securities. Assistant City Manager Blair King added that the estimated cost to do this was \$40-50,000 and in response to the Mayor's earlier question, the earliest call date for the bonds was 2009.

Vice Mayor Dixon commented that because of the City's bond rating, that interest rate was extremely low, this was very creative, other cities with large Redevelopment Agencies have done this, the City of Milpitas just hadn't brought in this type of experience before, this was a first for Milpitas and very beneficial to assist the General Fund.

MOTION to adopt Redevelopment Agency Resolution No. RA218 authorizing an expenditure of Tax Increment Revenue in an amount not to exceed \$7 million to defease the Great Mall of the Bay Area Sales Tax Revenue Bonds, Series 2000.

M/S: Dixon, Polanski.

Ayes: 5

MOTION to adopt Milpitas Public financing Authority Resolution No. FA0009 authorizing the defeasance of the Authority's Great Mall of the Bay Area Sales Tax Revenue Bonds, Series 2000, and approving related agreements and actions.

M/S: Dixon, Polanski.

Ayes: 5

**FA5.  
ADJOURNMENT**

There being no further Financing Authority business, Mayor Esteves adjourned the *Financing Authority meeting at 8:22 p.m.*

**RA8.  
ADJOURNMENT**

There being no further Redevelopment Agency business, Mayor Esteves adjourned the *Redevelopment Agency meeting at 8:22 p.m.*

Gail Blalock, Secretary/City Clerk